



**Santa Barbara County
Air Pollution Control District**

June 17, 2010

Mr. James N. Goldstene
Executive Officer
California Air Resources Board
1001 I Street
P.O. Box 2815
Sacramento, CA 95812

Dear Mr. Goldstene:

We received the audit report of the Santa Barbara Air Pollution Control District (District) Carl Moyer Memorial Air Quality Standards Attainment Program (Carl Moyer Program) prepared by the California Air Resources Board (CARB) and take this opportunity to submit our response to the report findings and recommendations.

First of all, we are very pleased that the overall conclusion of the CARB audit report is that the "Santa Barbara County Air Pollution Control District is implementing an effective and efficient Carl Moyer Program that achieves the expected emission reductions and meets State requirements." We here at the District are proud of the achievements of our clean air technology programs and have received positive feedback from many Carl Moyer Program grant recipients. As you are aware, the District began and successfully operated a District funded innovative clean technology emission reduction program that received the Presidential Award for Sustainable Development far before the implementation of the CARB Carl Moyer Program.

The District has participated in every year of the twelve year history of the Carl Moyer Program administering over \$5 million of Carl Moyer Program funds. Given that fact, the District is very pleased that though the 2009 CARB audit encompassed a comprehensive examination of the District's Carl Moyer Program fiscal program, a detailed file review of nine District projects and an on-site field evaluation of five sources, the report cites only two findings and one recommendation.

With respect to Finding 1 Incorrect calculation and application of interest earned on Carl Moyer Program balances and administration fees, the District, on its own initiative, reviewed interest calculations and discovered that interest was not calculated correctly. While interest should be calculated quarterly based on applying the County Treasurer's average daily interest rate to each Moyer Program Year's average daily balance, this was not done correctly by fiscal staff. The District has recalculated interest earned on Carl Moyer Program balances over the funding cycles covered by the audit and determined that, as of March 31, 2010, Prop 40 is due \$4,222.44, Moyer Year 8 is due \$4,708.45, Moyer Year 9 is due \$6,226.45, and Moyer Year 10 is due

\$5,231.50 totaling \$20,388.84. Prop 40 and Moyer Year 8 balances, totaling \$8,930.89 will be applied to Moyer Year 11. Both Moyer Years 9 and 10 have been applied to their respective years, as they are still open. Residual interest on Prop 40 and Moyer Year 8 will be calculated through June 30, 2010 and transferred to Moyer Year 11 closing them out with zero balances as of that date. The District will provide all correcting entries to the ARB Carl Moyer Program liaison on or before August 31, 2010 for final review and approval.

As stated in the audit report, no mitigation action is possible for Finding 2 Incorrect handling of one project whose baseline engine's serial number could not be confirmed during pre-inspection. The District staff is currently implementing the updated Carl Moyer Program Policies and Procedures that ensure this issue does not reoccur in the future. One procedure component involves the District tagging of baseline equipment that do not display a defined identification or serial number with a unique District identifier during the pre-inspection and subsequently documenting the presence of this unique identifier on the destroyed unit during the post-inspection.

Regarding recommendation 1 associated with repetitive program tracking mechanisms, during the upcoming Moyer Year 12, the District will prioritize which databases and spreadsheets that are candidates for an efficient and orderly consolidation or that may be supplanted by reports that may be generated by the District's fiscal group's tracking and reporting system currently under development.

Finally, let me take this opportunity to thank your audit team and staff members for performing this audit in an efficient and professional manner. We look forward to working with CARB to continually improve all aspects of the Carl Moyer Program. If you have any questions regarding this letter, please feel free to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Terry Dressler", written over a large, loopy circular flourish.

Terry Dressler
Air Pollution Control Officer